International Accounting Education Standards Board

Proposed International Education Practice Statement XX

Approaches to Developing and Maintaining Professional Values, Ethics and Attitudes

IFAC

**International Federation
of Accountants**

REQUEST FOR COMMENTS

The International Accounting Education Standards Board (IAESB), an independent standard-setting body within the International Federation of Accountants (IFAC), approved this exposure draft, *Approaches to Developing and Maintaining Professional Values, Ethics and Attitudes*, for publication on September 7, 2006. This proposed International Education Practice Statement (IEPS) may be modified in light of comments received before being issued in final form.

Please submit your comments, preferably by email, so that they will be received by **December 15, 2006**. All comments will be considered a matter of public record. Comments should be addressed to:

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Copies of this exposure draft may be downloaded free-of-charge from the IFAC website at http://www.ifac.org.

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Introduction

This memorandum provides background to the proposed International Education Practice Statement (IEPS) XX, *Approaches to Developing and Maintaining Professional Values, Ethics and Attitudes*, approved for exposure by the International Accounting Education Standards Board (IAESB) in September 2006.

Background

In 2004, the IAESB commissioned a major research project in the area of ethics education. A research team, led by Professor Philomena Leung from Deakin University, Australia, was commissioned to develop guidance for IFAC member bodies and accounting educators, with the aim of encouraging both groups to adopt a range of approaches to developing professional values and ethics in educating and training programs for professional accountants.

This proposed IEPS is drawn from their research report, *Approaches to the Development and Maintenance of Professional Values, Ethics and Attitudes in Accounting Education*. The report was published as an International Education Information Paper (IEIP 4) in August 2006, and can be downloaded free of charge from the IFAC online bookstore at http://www.ifac.org/store.

IEPSs aim to assist IFAC member bodies in the implementation of generally accepted good practice in the education and development of professional accountants by providing advice or guidance on how to achieve good practice or current best practice.

International Education Standard (IES) 4, *Professional Values, Ethics and Attitudes,* requires IFAC member bodies to devote a portion of the pre-qualification education program for professional accountants to developing professional values, ethics, and attitudes. This IEPS is intended to provide guidance to IFAC member bodies on how to achieve good practice in developing professional values, ethics and attitudes in accordance with IES 4.

IEPS XX is also intended to provide guidance to IFAC member bodies to enable their members to develop professional values, ethics, and attitudes and demonstrate a continued commitment to ethical behavior throughout their careers through continuing professional development (CPD).

Significant Proposals

The Ethics Education Framework

IEPS XX recommends a flexible, competency based Ethics Education Framework (EEF), which is outlined in Figure 1 in the proposed IEPS. The EEF identifies four stages on a learning continuum, based on the four objectives of ethics education, staged in the order of knowledge, sensitivity, judgment and behavior. Each objective applies to a particular level of advancement in the development of professional values, ethics and attitudes.

The EEF recognizes that ethics education is a lifelong commitment that begins early in a pre-qualification program and continues throughout a professional accountant's career. It establishes a four-stage learning continuum, with learning outcomes and a description of competence required for each stage.

Stage 1: Enhancing Ethics Knowledge

Stage 1 of the EEF teaches fundamental knowledge on matters concerning professional values, ethics, and attitudes. Accounting students will demonstrate competence in this area through knowledge of traditional ethical concepts and theories, and of those relating to the professional accountant's work.

Stage 2: Developing Ethical Sensitivity

Stage 2 applies students' knowledge of basic ethical principles to the relevant functional disciplines of accounting. At this stage, it is recommended that ethics education programs focus on developing a sense of professional responsibility with ethical sensitivity and an appreciation of ethical threats. Accounting students will demonstrate competence in this area through sensitivity to ethical issues and threats identified in the functional disciplines of accounting.

Stage 3: Improving Ethical Judgment

Core ethical values are the foundation of professional judgment. Making choices consistent with the fundamental principles set out in the *IFAC Code of Ethics for Professional Accountants* requires ethics knowledge and ethical sensitivity. Stage 3 is an application stage, where accounting students and professional accountants learn how to integrate and apply ethics knowledge and ethical sensitivity to form reasoned and well-informed decisions. They will demonstrate competence in this area through the ability to make ethical judgments and decisions based on an understanding and application of ethics knowledge and ethical sensitivity.

Stage 4: Maintaining an Ongoing Commitment to Ethical Behavior

At Stage 4, it is recommended that ethics education programs focus on developing and reinforcing a lifelong commitment to ethical behavior in a professional context through CPD.

Approaches to Implementing the Ethics Education Framework

IEPS XX recommends two approaches to implementing the EEF: the Topic Approach, and the Stage-by-Stage Approach. IFAC member bodies may choose to follow one approach, or to mix elements of both, as appropriate for their local circumstances.

Both approaches stress the importance of integrating ethics education into pre-qualification accounting education programs, and the importance of revisiting and reinforcing knowledge and capabilities learned through CPD. Both approaches also emphasize the role of workplace learning and assessment in the development of professional values, ethics and attitudes.

The Topic Approach

IES 4 prescribes a number of ethics topics to be included in all pre-qualification education programs. These have been aligned with eight essential subject areas contained in the EEF, as demonstrated in Figure 2 in the proposed IEPS. This approach implements the first three stages of the EEF subject by subject in relevant parts of the pre-qualification program, with Stage 4 being implemented post-qualification, as part of a member body's CPD program.

The Stage-by-Stage Approach

The Stage-by-Stage Approach incorporates the first three stages of the EEF in pre-qualification education programs and the fourth stage in both pre- and post-qualification education programs, as illustrated in Figure 3 in the proposed IEPS. This approach introduces ethics early in the pre-qualification program, followed by ethics education being integrated with existing accounting modules or courses, and culminates in a final module/course that ties together previous ethics material. Ethics education then continues through CPD.

Delivery and Assessment of Ethics Education

The final section of the proposed IEPS highlights good practice in ethics education and assessment, and the importance of workplace learning and assessment in the development of ethical judgment and decision-making. In particular, the need for ethical leadership and appropriate role models (i.e., "tone from the top") is stressed, as is the importance of a period of supervised practical experience for accounting students, and the desirability of including feedback on ethical judgment and behavior in performance review and appraisal processes. A number of effective teaching methods are also highlighted. These are covered in more detail in Appendix 2 to the proposed IEPS.

Guidance is also given to IFAC member bodies on establishing appropriate assessment methods for ethics education, covering formal, workplace and self-assessment methodologies.

Guide for Commentators

The IAESB would like to receive comments on all matters addressed in this proposed IEPS. Anyone offering comments should refer to specific paragraphs, include the reasons for the comments, and, where appropriate, make explicit suggestions for proposed changes to wording. The IAESB would also like to hear from respondents agreeing with the proposals in this exposure draft.

The IAESB is particularly interested in comments on the matters set out below:

1) Section 2 of the proposed IEPS recommends two approaches to implementing the Ethics Education Framework, and suggests that member bodies may choose to follow one approach or mix elements of both. Are both recommended approaches equally helpful in implementing ethics education programs? Do you have any specific (positive or negative) comments on one or both approaches?

2) The Stage-by-Stage approach recommends that a separate, assessed final course or module in ethics be introduced for students at Stage 3. Do you support such a recommendation? Please explain.

3) Section 3 of the proposed IEPS emphasizes the importance of workplace learning in developing the professional values, ethics and attitudes of professional accountants both in pre-qualification and post-qualification education. Do you feel that highlighting the role of workplace learning in this document is useful? If so, are there other examples of good practice in workplace learning the IAESB could include in this IEPS?

INTERNATIONAL EDUCATION PRACTICE STATEMENT XX

**APPROACHES TO DEVELOPING AND MAINTAINING
PROFESSIONAL VALUES, ETHICS, AND ATTITUDES**

CONTENTS

Purpose and Scope of this International Education Practice Statement

1. International Education Practice Statements (IEPSs) assist IFAC member bodies in the implementation of generally accepted good practice in the education and development of professional accountants by providing advice or guidance on how to achieve good practice or current best practice.

2. This IEPS provides recommendations for developing and maintaining professional values, ethics and attitudes.

3. International Education Standard (IES) 4, *Professional Values, Ethics and Attitudes,* requires IFAC member bodies to devote a portion of the pre-qualification education program for professional accountants to developing professional values, ethics, and attitudes. This IEPS provides guidance to IFAC member bodies on how to achieve good practice in developing professional values, ethics and attitudes in accordance with IES 4.

4. This IEPS recommends approaches to the development of professional values, ethics and attitudes. It also recommends a number of methods for the delivery of ethics education, stressing the importance of workplace learning and assessment in particular.

5. In addition IEPS recommends how member bodies may ensure professional accountants continue to develop professional values, ethics, and attitudes throughout their careers through continuing professional development (CPD).

6. The International Accounting Education Standards Board (IAESB) recognizes (a) the wide diversity of culture, language, and educational, legal, and social systems in the countries of the member bodies; (b) the variety of functions performed by accountants; and (c) that member bodies are at different stages in developing their ethics education programs. This IEPS therefore sets out principles of good practice for ethics education, and recommends two flexible approaches through which IFAC member bodies may implement good practice.

7. Some member bodies may already have addressed some or all of the issues considered in this IEPS. Other member bodies may have yet to consider such issues. It is suggested that all member bodies assess their compliance with IES 4 in light of the recommendations contained in this IEPS.

Definitions

8. The following terms used in this IEPS are defined in the *Framework for International Education Statements*:

    Assessment—all forms of tests of professional competence, whether in writing or otherwise, including examinations, carried out at any time throughout the learning process.

    Competence—being able to perform a work role to a defined standard, with reference to real working environments.

Continuing professional development (CPD)—learning activities for developing and maintaining the capabilities of professional accountants to perform competently within their professional environments.

Education—a systematic process aimed at developing knowledge, skills and other capabilities within individuals. It includes training.

Post-qualification—the period after qualification as an individual member of an IFAC member body.

Pre-qualification—the period before qualification as an individual member of an IFAC member body.

Professional accountant—a person who is a member of an IFAC member body.

Professional values, ethics and attitudes—the professional behavior and characteristics that identify professional accountants as members of a profession. They include the principles of conduct (i.e., ethical principles) generally associated with, and considered essential in defining the distinctive characteristics of, professional behavior.

Qualification—qualification as a professional accountant means, at a given point in time, an individual is considered to have met, and continues to meet, the requirements for recognition as a professional accountant.

Student—an individual following a course of study, including a trainee. In the context of professional education, a student is an individual undertaking a course or a program of study deemed necessary for the education of professional accountants, whether general or professional in nature.

Trainee—an individual undertaking pre-qualification work experience and training within the work place.

Training—pre- and post-qualification educational activities, within the context of the workplace, aimed at bringing a student or professional accountant to an agreed level of professional competence.

Background

9.   The actions of accountants impact others. Professional values, ethics and attitudes that identify professional accountants as members of a profession involve a commitment to enhancing the interests of the community. This is generally referred to as "serving the public interest." The public relies on the ethical integrity of the profession and its members to ensure that professional responsibilities are upheld and the public interest is safeguarded.

10. The Ethics Education Framework (EEF) recommended by this IEPS is aligned with the IFAC *Code of Ethics for Professional Accountants* (IFAC Code of Ethics). This establishes ethical requirements for all professional accountants, and sets out five fundamental

principles of professional ethics: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.[1]

11. Professional accountants may encounter situations that threaten compliance with the fundamental principles of professional ethics. Many threats to compliance with these principles fall into the five categories outlined in the IFAC Code of Ethics: self-interest threats, self-review threats, advocacy threats, familiarity threats, and intimidation threats.[2]

12. The IFAC Code of Ethics also sets out a number of safeguards that may eliminate or reduce such threats to an acceptable level. These include: (a) safeguards created by the profession, legislation or regulation; and (b) safeguards in the work environment.[3] The former include, but are not restricted to, educational, training and experience requirements for entry into the profession and continuing professional development requirements.[4] This IEPS, by recommending principles of good practice for pre- and post-qualification ethics education, can help member bodies create such safeguards.

13. Ethical decision-making requires choosing from a number of alternatives, each with its own consequences for stakeholders. It is in the public interest that professional accountants approach ethical decision-making with an understanding of and an ability to apply the fundamental principles set out in the IFAC Code of Ethics.

14. This requires the development of professional values, ethics, and attitudes through IFAC member bodies' education programs. These values, ethics and attitudes are formed and developed during and after qualification as a professional accountant. The aim of ethics education programs is to enhance professional accountants' ethical decision-making and behavior.

Section 1: Developing Ethical Competence

The Ethics Education Framework

15. This IEPS recommends the flexible, competency based Ethics Education Framework (EEF), outlined in Figure 1 below. The EEF identifies four stages on a learning continuum, based on the four objectives of ethics education, staged as knowledge, sensitivity, judgment and behavior. Each objective applies to a particular level of advancement in the development of professional values, ethics and attitudes.

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[1]   *IFAC Code of Ethics for Professional Accountants*, 100.4.

[2]   *IFAC Code of Ethics for Professional Accountants*, 100.10

[3]   *IFAC Code of Ethics for Professional Accountants*, 100.11

[4]   *IFAC Code of Ethics for Professional Accountants*, 100.12

Figure 1: The IFAC Ethics Education Framework (EEF)

The Learning Continuum: Pre- and Post- Qualifying Stages

Stage	Learning Outcome	Competence Required	Focus of Program Content
Stage 4: Maintaining an ongoing commitment to ethical behavior (Professional Accountants)	Maintaining an ongoing commitment to *ethical behavior*.	An understanding of organizational and situational contexts and the application of ethical knowledge, sensitivity and judgment into ethical behavior.	Factors affecting ethical decision-making and ethical behavior.
Stage 3: Improving ethical judgment (Students and Professional Accountants)	Improving professional *judgment* by sharpening ethical decision-making skills.	Ability to make ethical judgments and decisions based on an understanding and application of ethics knowledge and ethical sensitivity.	Application of ethical theories, social responsibilities, codes of professional conduct and other ethical decision models.
Stage 2: Developing ethical sensitivity (Students)	Developing a sense of professional responsibility with ethical *sensitivity* and an appreciation of ethical threats.	Sensitivity to ethical issues and threats in the functional disciplines of accounting.	Common issues and ethical threats facing students and accountants in real work environments.
Stage 1: Enhancing ethics knowledge (Students)	Enhancing the *knowledge* of (i) relevant standards and (ii) expectations of ethical and professional conduct.	Knowledge of traditional ethical concepts and theories, and of those relating to the professional accountant's work.	Fundamental theories and principles of ethics, virtues, and individual moral development.

16. The EEF recognizes that ethics education is a lifelong commitment that begins early in a pre-qualification program, and continues throughout a professional accountant's career. It establishes a four-stage learning continuum, with learning outcomes and a description of competence required prescribed for each stage. The four stages of the EEF are described in more detail in paragraphs 18 to 29 below.

17. The EEF also contains eight essential subject areas, based on the topics prescribed by IES 4 which are to be included in all pre-qualification education programs. These are outlined in Figure 2 below. In addition, suggested knowledge content to support each subject area is provided, for illustrative purposes only, in Appendix 1.

Stage 1: Enhancing Ethics Knowledge

18. Students need to develop an understanding of relevant ethical and professional standards relating to the accounting profession. Knowledge of general ethical principles and of the fundamental principles of professional ethics outlined in the IFAC Code of Ethics is required for the development of ethical decision-making and behavior in a professional context.

19. Stage 1 of the EEF teaches fundamental knowledge on matters concerning professional values, ethics, and attitudes. It focuses on developing an understanding of:

    (a) The environment that influences decisions, including:

        (i) Relevant standards and codes; and

        (ii) Expectations of ethical and professional conduct; and

    (b) The fundamental theories and principles of:

        (i) Ethics;

        (ii) Virtues; and

        (iii) Individual moral development.

20. Competence in this area will be demonstrated by a knowledge of traditional ethical concepts and theories, and of those relating to the professional accountant's work.

Stage 2: Developing Ethical Sensitivity

21. Students need to develop ethical sensitivity, which is the (a) ability to recognize an ethical threat or issue, (b) awareness of alternative courses of action leading to an ethical solution, and (c) knowledge of the effects of each alternative course of action on stakeholders.

22. Stage 2 applies the knowledge of basic ethical principles introduced in Stage 1 to the relevant functional disciplines (e.g., auditing, taxation, financial control) of accounting. At this stage, it is recommended that ethics education programs focus on developing a sense of professional responsibility with ethical sensitivity and an appreciation of ethical threats.

23. Competence in this area will be demonstrated through sensitivity to ethical issues and threats identified in the functional disciplines of accounting.

Stage 3: Improving Ethical Judgment

24. Core ethical values are the foundation of professional judgment. Making choices consistent with the fundamental principles set out in the IFAC Code of Ethics requires ethics knowledge and ethical sensitivity.

25. Stage 3 is an application stage, where students and professional accountants learn how to integrate and apply ethics knowledge and ethical sensitivity to form reasoned and well-informed decisions. This stage is designed to assist individuals in applying a well-founded process for making ethical decisions. At Stage 3, it is recommended that ethics education programs focus on improving professional judgment by sharpening ethical decision-making skills.

26. Competence in this area will be demonstrated by the ability to make ethical judgments and decisions based on an understanding and application of ethics knowledge and ethical sensitivity.

Stage 4: Maintaining an Ongoing Commitment to Ethical Behavior

27. Professional accountants need to be able to deal with ethical threats and be able to choose a course of action consistent with the fundamental principles set out in the Code of Ethics.

28. At Stage 4, it is recommended that ethics education programs focus on developing and reinforcing a lifelong commitment to ethical behavior in a professional context through CPD.

29. Competence will be demonstrated through an understanding of organizational and situational contexts and the application of ethical knowledge, sensitivity and judgment into ethical behavior in accordance with the IFAC Code of Ethics.

Section 2: Approaches to Implementing the Ethics Education Framework

Flexible Approaches to Implementing the EEF

30. This IEPS recommends two approaches to implementing the EEF: the Topic Approach, and the Stage-by-Stage Approach. Member bodies may choose to follow one approach, or to mix elements of both, as appropriate for their local circumstances.

31. Both approaches stress the importance of integrating ethics education into pre-qualification accounting education programs, and the importance of revisiting and reinforcing knowledge and capabilities learned through CPD. Both approaches also emphasize the role of workplace learning and assessment in the development of professional values, ethics and attitudes. These are covered in detail in Section 3 of this IEPS.

32. Whichever approach is adopted, member bodies and educators may wish to consider requiring students to take at least one module in ethics education to help them grasp the importance and complexity of analyzing and resolving ethical problems.

The Topic Approach

33. IES 4 (paragraph 16) prescribes a number of topics to be included in all pre-qualification education programs. These have been aligned with eight essential subject areas contained in the EEF, as demonstrated in Figure 2 below.

Figure 2: The Topic Approach

EEF Subject Areas	IES 4 Topics
i) A framework approach ii) Concepts and values	The nature of ethics Differences between detailed rules-based and principles-based approaches to ethics, their advantages and drawbacks
iii) The environment: corporate, professional, and regulatory iv) Professional ethics	Compliance with the fundamental ethical principles of integrity, objectivity; commitment to professional competence and due care, and confidentiality Professional behavior and compliance with technical standards Concepts of independence, skepticism, accountability, and public expectations Ethics and law, including the relationship between laws, regulations, and the public interest
v) Decision-making	Ethics and the individual professional accountant: whistle blowing, conflicts of interest, and ethical dilemmas and their resolution
vi) Ethical threats and safeguards	Consequences of unethical behavior to the individual, the profession, and society at large
vii) Corporate governance viii) Social and environmental issues	Ethics and the profession: social responsibility Ethics in relation to business and good governance

34. The Topic Approach implements the first three stages of the EEF subject by subject in relevant parts of the pre-qualification program. Each subject can be learned progressively following the first three stages of the EEF learning continuum. Stage 4 of the EEF is primarily post-qualification (CPD).

35. The IAESB recognizes that the detailed content of member bodies' ethics education programs will reflect their national and cultural environment and education system. Member bodies may incorporate the EEF subject areas in any sequence as required in their pre- or post-qualification programs. Each subject area is expanded upon in Appendix 1, which gives examples of suggested content for each subject that member bodies may wish to include in their ethics education programs.

The Stage-by-Stage Approach

36.   The Stage-by-Stage Approach follows the EEF as outlined in Figure 1, and incorporates (a) the first three stages of the EEF in pre-qualification education programs, and (b) the fourth stage in both pre- and post-qualification education programs. Figure 3 below illustrates this approach.

Figure 3: The Stage-by-Stage Approach

Stage	Attribute	Learning Outcome	Method
4	Maintaining an ongoing commitment to ethical behavior	Maintaining an ongoing commitment to *ethical behavior*.	Part of practical experience, continuous professional development and continuous ethical training
3	Improving ethical judgment	Improving professional *judgment* by sharpening ethical decision-making skills.	A separate assessed final course or module in ethics
2	Developing ethical sensitivity	Developing a sense of professional responsibility with ethical *sensitivity* and an appreciation of ethical threats.	Integration of ethical issues across existing subject matter, such as financial accounting, managerial accounting, auditing, and taxation
1	Enhancing ethics knowledge	Enhancing the *knowledge* of (i) relevant standards and (ii) expectations of ethical and professional conduct.	Separate required course or module in ethics early in the program

37.   This approach begins by introducing ethics early in the pre-qualification program (Stage 1), followed by ethical discussion in the existing accounting modules or courses (Stage 2), and culminating in a final module/course that ties together previous ethics material (Stage 3).

38.   The nature of ethics education means that post-qualification programs need to revisit and reinforce the knowledge and capabilities learned and acquired in pre-qualifying programs. It is recommended that ethics education therefore continue through CPD (Stage 4), in order to reinforce ethical behavior.

Continuing Professional Development (CPD)

39.   Ethics education is a lifelong process. Continually changing public expectations result in changes in ethical standards. Ethics education through CPD is therefore necessary for continued development of ethical decision-making and an ongoing commitment to ethical behavior. Ethics education in CPD focuses on assisting individuals to make better ethical choices at critical junctures, and to reinforce and advance ethical concepts introduced in pre-qualifying education programs.

40. The nature of ethics education means that post-qualification programs need to revisit and reinforce the knowledge and capabilities learned and acquired in pre-qualifying programs. Ethics education therefore continues through CPD at Stage 4 of the EEF.

41. It is recommended that member bodies require a portion of continuing ethics education for professional accountants as part of their CPD program.

Section 3: Delivery and Assessment of Ethics Education

Objectives of Delivery and Assessment of Ethics Education

42. Different models are used for the delivery and assessment of ethics education. These will combine elements of workplace learning and formal education. In all cases, it is recommended that member bodies establish clear objectives for ethics education that focus on (a) increasing ethical sensitivity, (b) fostering a commitment to professional responsibility, and (c) developing ethical decision-making skills.

43. It is recommended that professional accountants and students training to become professional accountants be exposed to exercises in ethical awareness and ethical decision-making. These contribute to the development of ethical sensitivity and judgment. It is also recommended that member bodies ensure pre- and post-qualification education programs contain practical examples of ethical threats and issues to reinforce theoretical knowledge.

44. Students develop knowledge of fundamental ethical principles during pre-qualification education programs. They learn how to apply fundamental principles in real-life situations through work experience, both pre- and post-qualification, through observing their colleagues and experiencing organizational practices and cultural norms.

Workplace Learning

45. This section highlights good practice in ethics education in the workplace. Learning ethics in the workplace is as important as learning ethics during formal educational programs. Employers and member bodies need to work together to promote ethical behavior, and develop professional values, ethics, and attitudes, both in pre-qualification and post-qualification education.

Ethical Leadership

46. Ethical leadership in an organization will have a strong influence on the ethical behavior of all those working in that organization. Professional accountants and students learn and modify ethical attitudes as they internalize values of the organization demonstrated by their superiors and colleagues. Professional accountants in leadership roles need to ensure that they liaise with students and other professional accountants on the responsibilities and ethical issues professional accountants face in the workplace. Member bodies may consider facilitating such sessions, especially where students work without direct supervision by professional accountants.

Supervised Practical Experience

47. During pre-qualification programs, trainees undertake a period of supervised practical experience under the guidance of a supervisor or mentor. Relationships with supervisors or mentors help trainees in many ways, including the development of the skills required of professional accountants, and the development of ethical sensitivity and judgment through relationships with supervisors or mentors acting as role models.

48. It is recommended that member bodies encourage supervisors or mentors to provide feedback on trainees' ethical judgment and behavior, in addition to feedback on their technical performance.

Coaching

49. Students and professional accountants may benefit from coaching. Working with a coach may help individuals develop their ethical sensitivity and judgment. Professional accountants may also act as coaches for students and other professional accountants in their organizations.

Performance Review and Appraisal

50. Professional accountants often work in environments where regular performance reviews and appraisals are held. It is recommended that member bodies encourage professional accountants to ask for feedback on their ethical judgment and behavior as part of such a review. Where professional accountants are responsible for conducting performance reviews and appraisals for others, member bodies need to encourage them to include feedback on ethical judgment and behavior.

Teaching Methods

51. A number of teaching methods are advocated in ethics education literature. These include:

- Lectures;

- Ethics discussions;

- Small-group and collaborative learning;

- Case studies based on ethical threats and challenges;

- Role-play;

- Guest speakers and practitioner participation; and

- E-learning.

Further guidance on the above is included in Appendix 2.

Assessment Methods

52. Member bodies need to ensure that assessment of ethics education programs establishes that students and professional accountants have developed ethical sensitivity and judgment to an appropriate level.

53. Assessment methods may be broadly divided into two types. Summative assessment provides information about the level of a student's performance at certain points in the learning process, usually at the end of a course of study. This may be more appropriate for assessing knowledge of ethical theories and concepts. Formative assessment is ongoing, providing both teachers and learners with information about current progress in order to support future learning. This may be more appropriate for assessing the development of ethical sensitivity and judgment in the workplace.

54. Assessment of ethics education programs may be accomplished through formal assessment, assessment in the workplace, or self-assessment. In most cases, member bodies will combine these approaches.

55. Formal assessment can test standards for attaining the fundamental knowledge of ethical principles and the ability to critically evaluate ethical situations. In addition to traditional examinations, there are a number of means by which formal assessment may be carried out:

- Creating databanks of simple case studies requiring completion of a quiz, which are published in professional magazines/journals, and requiring individuals to complete online tests;

- A case analysis system requiring students to maintain journals and notes on particular public domain cases;

- Objective testing of ethical aspects of the pre-qualification programs; and

- Using case study group assignments and workshops to assess individuals' competence in ethical analysis and decision-making.

56. Learning ethics from experience gained in real work environments is as important as learning ethics in the classroom. The assessment of learning from experience gained in a real work environment differs from, and in many respects is more difficult than, assessment of classroom learning. Means for assessing ethics education in the workplace include:

- Discussion and guided resolution of ethical dilemmas as they arise in real work environments;

- Retrospective review with performance reviews and appraisals; and

- Using online forums to broaden ethical discussion about real issues that face professionals in the workplace.

Self-assessment

57. Member bodies are not recommended to rely solely on self-assessment in assessing ethical sensitivity, judgment and decision-making. Self-assessment may often form an important part of a supervised practical work experience and performance review/appraisal system, however. Member bodies may also wish to consider developing tools that enable students and professional accountants to compare their response to ethical issues and threats with those of their peers.

58. Member bodies, academics, and employers are encouraged to try a range of assessment techniques to better test individuals' abilities to consider and resolve real ethical issues. IES 6, *Assessment of Professional Capabilities and Competence* prescribes the requirements for a final assessment of professional capabilities and competence.

Ethics Education Framework Subject Areas

	STAGE 1 COMPETENCE REQUIRED	STAGE 2 COMPETENCE REQUIRED	STAGE 3 COMPETENCE REQUIRED	STAGE 4 COMPETENCE REQUIRED
	Knowledge of traditional ethical concepts and theories, and of those relating to the professional accountant's work.	Sensitivity to ethical issues and threats in the functional disciplines of accounting.	Ability to make ethical judgments and decisions based on an understanding and application of ethics knowledge and ethical sensitivity.	An understanding of organizational and situational contexts and the application of ethical knowledge, sensitivity and judgment into an ongoing commitment to ethical behavior.
SUBJECT AREA	**SUGGESTED CONTENT AT STAGE 1**	**SUGGESTED CONTENT AT STAGE 2**	**SUGGESTED CONTENT AT STAGE 3**	**SUGGESTED CONTENT AT STAGE 4**
(i) A Framework Approach	• Nature of ethics • The ethics framework for accountants • Rules-based and principles-based approaches • The foundations of a profession	• Ethics and the profession • Accountants and their stakeholders	• Interests of stakeholders and conflicts • Professional conduct and the public interest	• Behavior and influences of stakeholders
(ii) Concepts and Values	• Commonly used theories and principles (e.g., Utilitarianism and Deontology) • Theories of moral development • Virtue ethics theory and values-based education	• Ethics and culture • Professional values, ethics and attitudes and the code of conduct for accountants		

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SUBJECT AREA	SUGGESTED CONTENT AT STAGE 1	SUGGESTED CONTENT AT STAGE 2	SUGGESTED CONTENT AT STAGE 3	SUGGESTED CONTENT AT STAGE 4
(iii) The environment: corporate, professional and regulatory	• The corporation and its interests • The accountant and the stakeholders • Professional responsibilities	• The accounting profession and public expectations • Professional and legal requirements in financial reporting and auditing • The concept of accountability • The regulatory environment • The legal framework for businesses and accountants • The role of accountants in the globalization context • The impact of legal and other reforms	• Investigative reports and professionalism • Developments in the profession to enhance professional values, ethics, and attitudes, including codifications and education initiatives	• Learning with and managing professional responsibilities through case studies

SUBJECT AREA	SUGGESTED CONTENT AT STAGE 1	SUGGESTED CONTENT AT STAGE 2	SUGGESTED CONTENT AT STAGE 3	SUGGESTED CONTENT AT STAGE 4
(iv) Professional ethics		• Compliance with fundamental ethical principles • Codes of ethics, including corporate codes and underlying rationale • Technical and ethical standards • Independence, professional skepticism, accountability and the public interest	• Self-regulation and oversight functions • Quality and peer reviews • Case analyses of professional issues	• Current developments in professional ethics and conduct • Case analyses of professional issues
(v) Decision making		• Ethical decision making models	• Ethical decision making models	
(vi) Ethical threats and safeguards	• Definition and scope of ethics threats and issues in accounting and related areas • Introduction of safeguards at professional and firm levels	• Conflicts of interest in corporate and professional environments • Different types of ethics threats and ethical issues	• Specific ethics threats and safeguards in accounting, e.g., earnings management situations • Ethics threats in auditing and assurance services e.g., threats and safeguards to independence and integrity • Ethics threats in other financial services and safeguards • Whistle-blowing cases and solutions	• A discussion of current controversial ethical issues relevant to the profession • Analyses of threats and safeguards

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SUBJECT AREA	SUGGESTED CONTENT AT STAGE 1	SUGGESTED CONTENT AT STAGE 2	SUGGESTED CONTENT AT STAGE 3	SUGGESTED CONTENT AT STAGE 4
(vii) Corporate governance	• The nature, significance and scope of enterprise governance and threats to effective governance • Theoretical framework including agency problems • Minimizing the threats of agency costs	• Corporate and other social responsibilities • Stakeholder relationships • Regulatory framework for corporate and enterprise governance • The role of accountants and auditors in governance frameworks	• Governance: good practice and issues • Analyses of cases of failures • Global developments in enterprise and corporate governance	Benchmarking governance cases in practice
(viii) Social and environmental issues	• The scope, background and concept of corporate social responsibility • The accountant and society including agency problems • Minimizing the threats of social costs and liabilities • Developments in social and environmental frameworks	• Measurement and accountabilities in social and environmental reporting • Issues in social responsibilities and accountabilities	• Regulatory framework • The role of accountants and auditors in society and businesses • Analyses of cases of social and environmental failures • Social and environmental accounting and issues	

APPROACHES TO DEVELOPING AND MAINTAINING
PROFESSIONAL VALUES, ETHICS, AND ATTITUDES

Appendix 2

Teaching Methods

A number of teaching methods are advocated in ethics education literature, and are presented below for the guidance of member bodies.

Lectures

1. The conventional lecture method is a long-standing approach to instruction that emphasizes the transfer of knowledge, rather than the process of learning. The lecture method may be suitable for introducing and describing basic ethical theories and concepts.

Ethics discussions

2. Students and professional accountants are more likely to develop ethical judgment and behavior through exposure to and discussion of ethical issues with others, especially those holding alternative viewpoints. This helps individuals to (a) become familiar with important concepts, (b) gain practice in using the language of ethics, and (c) develop ethical sensitivity and judgment.

Small group and collaborative learning

3. Small-group learning, which develops skills in leadership, decision making, trust building, communication, and conflict management, is an effective method for exposing students to examples of ethical threats. Interaction with other students and/or professional accountants in peer-led ethical discussions promotes greater learning than can be achieved individually.

Case studies and examples of ethical threats

4. The case study method effectively develops ethical awareness and analytical skills. Advantages of case studies include (a) the development of critical thinking and reflective learning skills, and (b) the integration of technical skills and knowledge with ethical decision making frameworks. Case studies involve students and/or professional accountants in real life events, and provide insight into what it feels like to experience such problems. By reviewing past events, individuals can identify predicaments previously faced by other professional accountants, and learn how they were resolved.

5. By learning to analyze case studies and examples of ethical threats, individuals realize that problems and ethical dilemmas do have solutions. In the case of complex ethical situations it is unlikely that there will be only one "right" answer. While analysis may not give a single "right" answer to a problem or dilemma, it may lead to one or more answers that are more consistent with fundamental principles.

Role-play

6. Role-play brings issues to life and engages students and professional accountants in learning. Role-play may be combined with the use of case studies and ethical dilemmas to immerse learners in real-life situations. Methods that fully engage learners are more likely to foster ethical sensitivity, judgment and behavior.

Guest speakers and practitioner participation

7. Inviting senior professionals to the classroom to share their personal experiences is a valuable method of communicating ethical sensitivity, judgment and behavior in accounting, and of demonstrating ethical leadership.

E-learning

8. E-learning combines computer technology and communication software to provide courses to learners. E-learning packages may combine some, or all of the delivery methods outlined above, and shares the same advantages and disadvantages. E-learning is a particularly effective delivery mechanism for individuals in remote locations, where it can engage them in learning about ethics through case study analysis and online discussion which might otherwise be difficult to achieve.